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January 28, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2007-00559
Louisville Gas and Electric Company

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on January 28, 2008.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF LOUISVILLE)
GAS AND ELECTRIC COMPANY) CASE NO. 2007-00559

ORDER

On June 30, 2004, in Case No. 2003-00433,¹ the Commission approved rates for Louisville Gas and Electric Company ("LG&E") and provided for their further adjustment in accordance with LG&E's Gas Supply Clause ("GSC").

On December 28, 2007, LG&E filed its proposed GSC to be effective February 1, 2008.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. LG&E's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. LG&E's Expected Gas Cost ("EGC") is \$.82054 per 100 cubic feet, or \$8.2054 per Mcf, which is \$.3853 per Mcf less than the previous EGC of \$8.5907 per Mcf.
3. LG&E's notice sets out no current Refund Adjustment ("RA"). LG&E's notice sets out no total RA, which is no change from the previous total RA.

¹ Case No. 2003-00433, An Adjustment of the Gas and Electric Rates, Term, and Conditions of Louisville Gas and Electric Company.

4. LG&E's notice sets out a current Actual Adjustment ("AA") of (\$.1502) per Mcf. The total AA of \$.2465 per Mcf is a decrease of \$.0729 per Mcf from the previous total AA.

5. LG&E's notice sets out a (\$.0221) per Mcf current Balance Adjustment ("BA"), which is an increase of \$.1013 per Mcf from the previous BA.

6. LG&E's notice sets out its Performance-Based Rate Recovery Component ("PBRRC") of \$.0784 per Mcf, which will remain in effect to collect LG&E's portion of PBR savings until January 31, 2009.

7. LG&E's Gas Supply Cost Component ("GSCC") is \$.85082 per 100 cubic feet or \$8.5082 per Mcf, which is \$.4395 per Mcf less than the prior GSCC of \$8.9477 per Mcf.

8. The rate in the Appendix to this Order is fair, just, and reasonable, and should be approved for gas supplied by LG&E on and after February 1, 2008.

IT IS THEREFORE ORDERED that:

1. The rate in the Appendix, attached hereto and incorporated herein, is approved for gas supplied on and after February 1, 2008.

2. Within 20 days of the date of this Order, LG&E shall file with the Commission its revised tariffs setting out the rate authorized herein.

Done at Frankfort, Kentucky, this 28th day of January, 2008.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00559 DATED JANUARY 28, 2008

The following rates and charges are prescribed for the customers served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Gas Supply Cost Component

The total Gas Supply Cost Component shall be \$.85082 per 100 cubic feet during the period covered by the bill.